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WISCONSIN
FEDERAL MILK ORDER BULLETIN
U. S. DEPT. OF AGRICULTURE
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NOV 6 1965

C & R - PREP.

for the
Milwaukee, Northeastern
and Madison Marketing Areas
C. T. McCleery - Market Administrator

USDA'S AGRICULTURAL MARKETING SERVICE
MERGES DAIRY OPERATIONS

The U. S. Dept. of Agriculture has announced merger of the milk order, standardization, inspection and grading programs formerly in the Milk Marketing Orders and Dairy Divisions of the Agricultural Marketing Service. The new division will be called the Dairy Division. In addition, the Market News Branch of the former Dairy Division has been transferred to the Poultry Division.

Herbert L. Forest, Director of the former Milk Marketing Orders Division, is Director of the new Dairy Division. Alexander Swantz, presently Acting Director, Dairy Division, and Howard C. Fedderson and William G. Sullivan, presently of the Milk Marketing Orders Division staff, will become Deputy Directors of the newly-created Division.

BALANCE SHEET OF AGRICULTURE

Assets and the claims against those assets for all farm operators and landlords are estimated each year by the U. S. Department of Agriculture. The resulting balance sheet views agriculture as though it was one large business. This provides a useful measure of changes in the overall financial condition of the agricultural industry, but it does not reveal differences found among states, regions or individual farmers.

The financial position of agriculture continued to improve during 1963, at least on paper. Farmers' assets rose to a record \$223 billion as of January 1, 1964, from \$216 billion a year earlier, continuing the uninterrupted rise of the past nine years. Farm debts increased as well, though less than assets, with the result that owner equities in farm assets reached \$188 (to page 8)

— DATA IN BRIEF - FOR THE MAN IN A HURRY —

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<u>OCTOBER 1964</u>	<u>Milwaukee Order No. 39</u>		<u>Northeastern Wis. Order No. 45</u>		<u>Madison Order No. 51</u>	
Class I Price & Differential	\$4.08	7.4¢	\$3.98	7.7¢	\$4.08	7.4¢
Class II Price & Differential	\$3.27	7.0¢	\$3.27	7.0¢	\$3.27	7.0¢
Producer Price & Differential	\$3.98	7.3¢	\$3.74	7.4¢	\$3.96	7.3¢
Pounds of Producer Milk	72,604,796		37,579,204		21,761,748	
Percentage in Class I	88.0%		67.6%		85.2%	
<u>NOVEMBER 1964</u>						
Class I Price & Differential	\$4.11	7.3¢	\$4.05	7.6¢	\$4.11	7.3¢

UNIFORM PRICES AND COMPUTATION

PRODUCER PRICES FOR OCTOBER 1964

Milwaukee Wisconsin Marketing Area
Federal Order No. 39

Minimum prices per hundredweight to be paid on or before the 15th of each month to producers for 3.5% milk, f.o.b. plant. These prices are subject to a butterfat differential per point over and under 3.5% and to a deduction of 2 cents per hundredweight for marketing service for nonmembers. In the case of members of approved cooperatives, these prices are subject to the deductions authorized by the associations.

The prices listed below do not include any premium payments which may be paid by handlers and which may bring actual payments in excess of minimum requirements.

Name of Handler	Minimum Pay Price	B.F. Dif'l
Blochowiak Dairy	\$3.96	7.3¢
The Borden Co.	3.96	7.3
Cedarburg Dairy, Inc.	3.98	7.4
Christiansen's Dairy	4.06	7.4
Fairmont Foods Co.	4.00	7.4
Gehl Guernsey Dairy	3.86	7.3
Golden Guernsey Dairy	3.97	7.3
Harmony Dairy Products	3.92	7.3
Hawthorn-Mellody Farms	3.98	7.3
Healthway Dairy, Inc.	4.04	7.4
Home Dairy	4.04	7.3
Keystone Farms	3.97	7.3
Krueger Dairy	4.05	7.4
McFarlands' Farm Dairy	3.93	7.3
Milk Producers Coop.	4.07	7.4
Mullen's Dairy	4.07	7.4
Progressive Dairy Prod.	4.04	7.4
Pure Milk Association	4.11	7.4
Roets Home Dairy	4.00	7.3
Schroeder Dairy	4.00	7.4
Sealtest Foods	3.92	7.3
Vande Kolk Dairy	4.04	7.4
Warren Dairy	4.06	7.4
Wayside Dairy	4.07	7.4
West Side Dairy, Inc.	3.97	7.3

WEIGHTED AVERAGE 7.3¢

Weighted Average of Producer
Prices for Information Purposes: \$3.98

OCTOBER 1964

Producer Milk in Class I

Producer Milk in Class II

Total Milk and Value Before Adjustments

Adjustments for Value of:

Overage Deducted from Classes I & II
Beginning Inventory Reclassification
Other Source Milk Deducted from Class I
Butterfat More or Less than 3.5 Percent
Plant Location Differentials
Half of Producer-Equalization Fund

Aggregate Value and Average Price

Reserve to Producer-Equalization Fund

Uniform Price to Producers for 3.5% Milk

* Subject to location differentials. These minimum pay

MANUFACTURING PRICES AND

Year and Month	92Score Butter Chicago	Cheddar Cheese Wis.	Spray Dry Skim	Basic Formula Price	Handler B'fat Dif'l C.I* C.II
1963	cents	cents	cents	dol.	cents
Oct.	58.48	34.50	14.25	3.12	7.2 6.7
Nov.	58.09	35.00	14.24	3.15	7.0 6.7
Dec.	58.01	35.12	14.24	3.16	7.0 6.7
1964					
Jan.	57.97	35.25	14.32	3.16	7.0 6.7
Feb.	57.97	35.12	14.26	3.17	7.0 6.7
Mar.	57.97	34.19	14.25	3.16	7.0 6.7
Apr.	57.97	33.81	14.19	3.15	7.0 6.7
May	57.97	33.70	14.22	3.12	7.0 6.7
June	57.97	33.75	14.24	3.12	7.0 6.7
July	58.00	33.75	14.23	3.11	7.0 6.7
Aug.	59.51	34.38	14.30	3.12	7.0 6.8
Sep.	61.32	36.31	14.30	3.15	7.1 7.1
Oct.	60.47	36.75	14.29	3.24	7.4 7.0
Nov.				3.27	7.3

*Exception, Order 45 is .125 x the butter price (Col. 1) for the preceding month. November is 7.6¢.

OTHER PRICE DATA

OF UNIFORM PRICES

Northeastern Wisconsin Marketing Area Federal Order No. 45				Madison Wisconsin Marketing Area Federal Order No. 51			
Pounds of Milk	Average B'fat Test	Price at Test	VALUE	Pounds of Milk	Average B'fat Test	Price at Test	VALUE
25, 398, 042	3.575941	\$4.039503	\$1, 025, 954.57	18, 549, 184	3.439467	\$4.000030	\$741, 972.96
<u>12, 181, 162</u>	4.180332	3.746232	<u>456, 334.64</u>	<u>3, 212, 564</u>	5.105112	4.393579	<u>141, 146.53</u>
37, 579, 204			\$1, 482, 289.21	21, 761, 748			\$883, 119.49
			1, 429.13				1, 266.17
			140.96				296.04
			-				9, 087.32
			-75, 598.29				-29, 730.03
			-290.76				8, 355.05
			<u>15, 969.79</u>				<u>8, 984.80</u>
		\$3.789170	\$1, 423, 940.04			\$4.007725	\$881, 378.84
		<u>.049170</u>	<u>-18, 477.81</u>			<u>.047725</u>	<u>-19, 613.62</u>
		<u>\$3.74*</u>	\$1, 405, 462.23			<u>\$3.96*</u>	\$861, 765.22

prices do not include any premium payments which may be paid by handlers.

FEDERAL ORDER PRICES FOR WISCONSIN AREAS - NO. 39, NO. 45, NO. 51

Class I Price Differentials			Supply-Demand Adjustments			Class I Prices			Uniform Prices to Producers** and Producer Butterfat Differentials					
No.39	No.45	No.51	No.39	No.45	No.51	No.39	No.45	No.51	Milwaukee	Northeast	Madison			
cents			cents			dollars			dol. cents		dol. cents		dol. cents	
108	94	108	-24	-20	-24	3.96	3.86	3.96	3.88	7.1	3.61	7.2	3.82	7.1
108	94	108	-24	-24	-24	3.99	3.85	3.99	3.89	7.0	3.56	7.0	3.84	6.9
88	74	88	-24	-24	-24	3.80	3.66	3.80	3.69	6.9	3.42	7.0	3.62	6.9
88	74	88	-24	-24	-24	3.80	3.66	3.80	3.70	6.9	3.44	7.0	3.62	6.9
88	74	88	-24	-24	-24	3.81	3.67	3.81	3.71	6.9	3.45	7.0	3.65	6.9
68	54	68	-24	-24	-24	3.60	3.46	3.60	3.50	6.9	3.31	7.0	3.47	6.9
68	54	68	-24	-24	-24	3.59	3.45	3.59	3.50	6.9	3.30	7.0	3.44	6.9
68	54	68	-24	-24	-24	3.56	3.42	3.56	3.46	6.9	3.27	7.0	3.39	6.9
68	54	68	-24	-24	-24	3.56	3.42	3.56	3.47	6.9	3.28	7.0	3.42	6.9
88	74	88	-24	-24	-24	3.75	3.61	3.75	3.64	6.9	3.46	7.0	3.61	6.9
108	94	108	-24	-24	-24	3.96	3.82	3.96	3.82	7.0	3.62	7.1	3.78	6.9
108	94	108	-24	-24	-24	3.99	3.85	3.99	3.89	7.1	3.69	7.3	3.87	7.1
108	94	108	-24	-20	-24	4.08	3.98	4.08	3.98	7.3	3.74	7.4	3.96	7.3
108	94	108	-24	-16	-24	4.11	4.05	4.11						

** Weighted averages are shown for Milwaukee and all markets when base and excess prices are in effect.

UTILIZATION AND CLASS

FEDERAL ORDER

— MILWAUKEE MARKET NO. 39 —

I T E M	October 1964		September 1964		October 1963	
	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat	Thousand Pounds	% B'fat
<u>CLASS I MILK</u>						
Packaged Products:						
Fluid Milk	51,262	3.5	46,686	3.5	49,014	3.5
Flavored Milk	2,165	3.6	1,882	3.5	2,251	3.5
2% Skim Milk, Solids Added	4,410	2.1	3,982	2.1	3,445	2.1
" " " , Plain	1,599	2.3	1,583	2.2	1,392	2.2
Skim Milk, Solids Added	2,098	.4	1,955	.4	1,822	.4
Plain Skim	993	.8	937	.8	1,031	.7
Buttermilk	576	1.0	572	1.0	520	1.0
Flavored Milk Drink	233	.6	218	.5	197	.5
Half & Half	1,185	12.4	1,084	12.4	1,035	12.4
Light Cream	48	19.0	44	18.9	49	19.0
Whipping Cream	190	32.7	158	32.5	189	33.2
Cultured Cream	262	18.9	259	18.9	236	18.7
Subtotal	65,021	3.5	59,360	3.5	51,181	3.5
Bulk Sales to Nonhandlers	556	3.7	584	3.6	496	3.7
Unaccounted for Milk	162	8.9	265	8.1	204	6.4
Total Utilized in Class I	65,739	3.5	60,209	3.5	51,881	3.5
Nonpool Receipts*	-1,825	3.5	-1,750	3.7	-337	2.6
CLASS I - PRODUCER MILK	63,914	3.5	58,459	3.5	51,544	3.6
<u>CLASS II MILK</u>						
Bakeries et al.	141	11.7	126	12.3	133	12.6
Cottage Cheese	4,608	1.1	4,293	1.0	4,249	1.0
Cheese	1,499	3.7	1,203	3.7	706	3.6
Butter	545	17.7	203	24.3	288	25.0
Evap., Cond., & Pwd.	1,689	4.7	1,927	3.8	1,301	4.4
Ice Cream & Mixes	2,398	11.5	2,220	12.6	2,250	10.2
Livestock Feed	88		63		79	
Dumped Products	14		5		-	
Skim Equiv. Fort. Prod.	1,411		1,318		1,186	
Ending Inventory	3,875	4.1	5,363	3.9	5,034	4.0
Shrinkage	1,065	3.5	963	2.6	962	3.1
Total Utilized in Class II	17,333	4.4	17,684	4.2	16,188	4.2
Nonpool Receipts*	-8,642	3.2	-8,138	3.5	-9,159	3.4
CLASS II - PRODUCER MILK	8,691	5.6	9,546	4.7	7,029	5.1
TOTAL PRODUCER RECEIPTS	72,605	3.8	68,005	3.7	68,573	3.7

NOTE: Bakeries et al. includes products for candy manufacturing, aerated cream, sour cream products not labeled Grade A, and small amounts of eggnog during off-season months.

CLASSIFICATION OF MILK

DECEMERS 39, 45, 51

— NORTHEASTERN MARKET NO. 45 —						— MADISON MARKET NO. 51 —					
October 1964		September 1964		October 1963		October 1964		September 1964		October 1963	
Thousand	%	Thousand	%	Thousand	%	Thousand	%	Thousand	%	Thousand	%
Pounds	B'fat	Pounds	B'fat	Pounds	B'fat	Pounds	B'fat	Pounds	B'fat	Pounds	B'fat
20,749	3.5	19,643	3.5	20,030	3.5	11,926	3.4	10,911	3.4	10,989	3.4
1,452	3.6	1,302	3.6	1,444	3.5	888	3.7	810	3.7	879	3.8
964	2.1	893	2.1	448	2.1	2,455	2.1	2,220	2.1	2,187	2.1
221	1.9	202	1.9	253	1.9	-	-	-	-	-	-
692	.4	583	.4	659	.3	748	.8	687	.8	679	.8
604	.6	638	.5	637	.5	55	.3	53	.2	62	.4
218	.8	207	.9	237	.8	174	1.4	168	1.4	171	1.6
138	.6	90	.9	85	.7	68	2.1	27	.3	2	1.1
404	12.9	408	12.9	418	12.8	369	12.3	345	12.2	340	12.1
6	21.7	5	22.1	7	22.8	8	27.9	7	26.3	5	22.9
84	35.6	75	35.2	87	34.9	52	34.2	43	34.5	52	34.1
69	19.1	70	19.0	71	18.9	54	19.1	49	19.2	50	21.4
25,601	3.5	24,116	3.6	24,376	3.6	16,797	3.5	15,320	3.5	15,416	3.5
329	3.8	306	3.8	367	4.0	3,529	3.8	2,787	3.9	1,943	3.8
89	9.6	268	3.6	145	5.7	103	4.7	122	4.6	106	1.7
26,019	3.6	24,690	3.6	24,888	3.6	20,429	3.5	18,229	3.5	17,465	3.5
-615	3.2	-664	3.1	-48	2.6	-1,880	4.3	-1,640	4.1	-682	3.4
25,404	3.6	24,026	3.6	24,840	3.6	18,549	3.4	16,589	3.5	16,783	3.5
-	-	-	-	-	-	4	25.7	4	21.5	8	19.1
2,118	1.0	1,943	1.1	1,948	1.1	1,067	.9	1,085	.8	947	1.3
5,570	3.6	4,277	3.5	6,384	3.6	797	3.2	554	3.0	813	2.6
490	35.3	302	34.5	530	35.2	231	36.0	188	35.6	259	35.8
3,493	.1	2,088	.1	4,134	.1	924	-	996	-	1,341	-
1,512	8.5	1,558	7.9	1,493	8.1	766	8.3	880	8.2	773	8.7
81	-	65	-	80	-	78	-	85	-	68	-
14	-	12	-	12	-	2	-	45	-	-	-
468	-	449	-	445	-	464	-	401	-	462	-
2,001	4.3	2,528	4.1	2,444	4.1	1,173	4.0	1,505	4.1	1,424	4.0
403	4.9	536	3.4	597	3.8	324	2.7	342	2.5	338	1.3
16,150	3.9	13,758	3.8	18,067	3.8	5,830	4.1	6,085	3.9	6,433	4.0
-3,975	3.1	-4,170	3.1	-5,200	3.5	-2,617	2.8	-2,619	3.3	-2,756	3.7
12,175	4.2	9,588	4.1	12,867	3.9	3,213	5.1	3,466	4.3	3,677	4.2
37,579	3.8	33,614	3.7	37,707	3.7	21,762	3.7	20,055	3.6	20,460	3.6

* Includes receipts of other source milk, beginning inventory, and overage, all as allocated to classes, and adjustment for Class II interorder transfers shown as Class I.

CLASS I AND RECEIPTS BY MONTHS

POUNDS OF PRODUCER MILK IN CLASS I, ITS PERCENTAGE TO TOTAL PRODUCER MILK WITH TOTALS FOR PRODUCER MILK AND FOR OTHER SOURCE MILK BY WISCONSIN MARKETS

Year and Month	MILWAUKEE, No. 39				NORTHEASTERN, No. 45				MADISON, No. 51			
	CLASS I		From Pro-ducers	Other Source Milk	CLASS I		From Pro-ducers	Other Source Milk	CLASS I		From Pro-ducers	Other Source Milk
	Mil.#	%	Mil.#		Mil.#	%	Mil.#		Mil.#	%	Mil.#	
<u>1963</u>												
Oct.	61.5	89.6	68.6	3.8	24.8	65.9	37.7	2.5	16.8	82.0	20.5	1.9
Nov.	58.7	87.7	66.9	3.0	23.5	58.5	40.2	4.3	16.0	80.7	19.8	1.6
Dec.	58.2	82.0	71.0	3.1	23.1	53.2	43.3	4.4	15.0	71.1	21.1	1.8
<u>1964</u>												
Jan.	61.2	83.5	73.4	3.4	24.5	55.0	44.7	5.0	16.0	71.3	22.4	1.8
Feb.	58.0	82.3	70.6	3.4	23.2	57.4	40.4	1.2	15.7	72.5	21.6	1.7
Mar.	59.6	78.8	75.7	3.5	23.7	54.2	43.7	1.3	16.3	70.9	23.1	2.0
Apr.	59.1	81.3	72.7	3.5	23.6	55.6	42.5	1.5	15.1	68.3	22.1	1.9
May	58.0	77.5	74.8	3.6	23.2	52.2	44.4	1.5	13.9	60.9	22.9	2.2
June	54.3	77.5	70.1	3.6	21.7	52.1	41.5	1.7	13.9	67.2	20.8	2.3
July	55.0	81.7	67.2	3.9	24.2	66.3	36.4	2.3	14.6	76.0	19.1	2.7
Aug.	55.7	81.5	68.3	3.8	24.1	69.5	34.6	2.7	14.5	76.4	19.0	2.5
Sep.	58.5	86.0	68.0	4.8	24.0	71.5	33.6	2.3	16.6	82.7	20.1	2.4
Oct.	63.9	88.0	72.6	5.1	25.4	67.6	37.6	2.0	18.5	85.2	21.8	2.6

FARM NUMBERS AND DELIVERIES

NUMBER OF FARMS AND AVERAGE DAILY DELIVERIES PER FARM BY WISCONSIN MARKETS

Year and Month	MILWAUKEE				NORTHEASTERN				MADISON			
	Number of Farms		Avg. Daily Per Farm		Number of Farms		Avg. Daily Per Farm		Number of Farms		Avg. Daily Per Farm	
	'63	'64	'63	'64	'63	'64	'63	'64	'63	'64	'63	'64
Jan.	2270	2247	990	1056	1374	1421	940	1014	615	642	1028	1125
Feb.	2261	2235	1006	1092	1371	1341	952	1038	651	641	1023	1163
Mar.	2257	2224	1010	1041	1360	1335	959	1055	650	640	1025	1163
Apr.	2243	2211	1019	1100	1355	1334	971	1063	645	635	1047	1158
May	2214	2185	1033	1106	1355	1333	979	1075	639	633	1086	1167
June	2209	2173	1011	1078	1415	1319	976	1050	621	628	1053	1102
July	2222	2177	927	993	1417	1323	814	890	633	635	924	973
Aug.	2241	2232	927	1003	1417	1326	797	843	639	639	892	958
Sep.	2262	2240	946	1019	1438	1317	822	851	650	646	933	1035
Oct.	2268	2264	984	1053	1361	1318	894	920	646	649	1022	1082
Nov.	2259		993		1447		927		643		1028	
Dec.	2256		1021		1447		966		643		1056	
Avg.	2248		989		1396		916		640		1010	

THE DAIRY SITUATION AND 1965 OUTLOOK (Excerpts from "The Dairy Situation", November 1964)

Continued Large Milk Output in 1965

U.S. milk production has increased in 3 of the past 4 years (including 1964) from year-earlier levels. In 1965, production probably will be near the 125.7 billion pounds in prospect for 1964. Assuming average weather conditions, production per cow will set another record high, and milk cow numbers may not decline as much as they did in 1964. However, pasture and hay conditions above normal in 1965, plus a high milk-beef cattle price ratio could cause production per cow to rise more than usual and reduce dairy cow culling. Then milk output next year could exceed the record high of 126 billion pounds set in 1962.

The beef cattle-milk price relationship has favored increased milk production this year. Milk prices rose slightly in 1964 from 1962-63 levels, but beef cattle prices dropped sharply in 1963 and did not regain previous levels until mid-1964.

January-September 1964 milk production was 97.0 billion pounds, 0.7 percent above the same period in 1963. Gains were greater in the Lake States than for the Nation. Each of these States -- Michigan, Wisconsin, and Minnesota -- posted 2 to 5 percent gains. Small increases also occurred in the Corn Belt and Northern Plains areas, where production in most other years has declined steadily. In the Northeast, which uses about two-thirds of its milk for fluid purposes, output was 0.7 percent below a year earlier. Drought in Southern New England and much of the Middle Atlantic States was the major cause of the decline.

Less Feed and Hay Supplies

The feed grain supply for the 1964-65 feed grain marketing year which began October 1, is estimated at 206 million tons, down 6 percent from last year.

The balance between milk production and grain supplies is important, even though some substitution is made between hay and grain supplies when supplies of one or the other are short. However, use of pasture has declined as the use of harvested roughage

has increased. A large part of the increase in milk production per cow resulted from heavier feeding.

Hay supplies for this year are below the 1958-62 average in most areas of the country, but most of the decline from last year has occurred in the West North Central region. There have been small declines in the North Atlantic, East North Central, and Western regions. Although dairy pasture conditions improved somewhat over the country in early fall, dairy cows normally receive only a part of their roughage requirements from pasture in late season.

Same Demand-Per Capita

Civilian use of milk in 1964 is expected to be about 1 1/2 billion pounds above the 117.1 pounds of milk equivalent consumed in 1963. Total civilian disappearance of milk and dairy products in 1965 is likely to be only slightly more than that expected this year. Donations for welfare by CCC next year may be lower than in 1964, but consumption of fluid milk in schools through the special milk program is expected to rise slightly. The extension of the food stamp plan to areas in 41 States and the District of Columbia will tend to reduce CCC donations but raise dairy sales somewhat. Experience under the Pilot Food Stamp Program indicated that total consumption of dairy products by low income families receiving donated dairy products changed little on the average when they came under the Food Stamp Program. However, these families consumed more of the higher-valued dairy products such as fluid milk and less butter and nonfat dry milk.

Most of the expected 1 1/2 billion pound gain this year compared with 1963 is from commercial sources, though CCC donations of butter and cheese are expected to increase about 0.3 billion pounds, milk equivalent. Sales of fluid milk items, butter, American cheese, and nonfat dry milk increased. Use of milk on farms with milk cows will be about 1/2 billion pounds lower than in 1963.

Per capita use of all dairy products in the United States this year may be 626 pounds

(milk equivalent), 2 pounds below 1963 consumption. Next year, per capita disappearance is expected to continue the downtrend, which started in 1956; disappearance per person from commercial sources also is down slightly since 1956. Both fluid and manufactured dairy products are increasing in total, but per capita disappearance in 1964 remains about the same as in 1963 for most products except fluid milk and evaporated milk. Consumption arising from CCC donations of butter and cheese for welfare and from milk in school programs will be close to the 43 pounds per person (milk equivalent) in 1963.

Per capita disappearance of milkfat in 1964 is estimated at 23.3 pounds, about the same as 1963. However, in 1965 per capita use may again turn downward because of declines in use per person of high fat products such as fluid cream and butter.

In 1964, per capita civilian disappearance of solids-not-fat is rising above 1963. A 1964 rise would be the first gain since 1955. This prospective increase is due primarily to increased use of nonfat dry milk.

Per capita disappearance of butter in 1964 is being maintained at the 1963 level of 6.8 pounds. Consumption of butter from commercial sources is estimated to be about the same as a year earlier for the first time since 1957, even though per capita oleomargarine disappearance is rising 4 percent.

Same Prices to Producers in 1965

The price to farmers for all milkfat wholesale averaged \$4.06 per 100 pounds for the first 9 months of 1964, about 5 cents above a year earlier. For the entire year 1964, prices will average about \$4.14 per 100 pounds compared with \$4.10 in 1963. Price increases in the fall usually arise from seasonal declines in milk receipts, which decrease the proportion used for manufacturing, and from seasonal price increases for milk used for bottling. In addition, this year, Class I prices were increased 10 to 15 cents per 100 pounds for October-March for 17 Federal milk orders, primarily in the South Central region. This was done because drought conditions caused short supplies relative to fluid sales. Hearings regarding emergency price increases have been scheduled in 4 additional markets.

Milk-feed price relationships are likely to

be less favorable to increased milk production in 1965 than they were in 1964. However, the relationship will still be favorable compared with longtime averages.

U.S. in World Dairy Market

Exports of dairy products from the United States in 1964 are expected to total around 6 1/2 billion pounds of milk equivalent and about 1 1/4 billion pounds of nonfat dry milk. This will be 15 percent above the 1963 previous record peacetime exports of nonfat dry milk and equal to that of milk equivalent in 1955. In 1965 U.S. exports of dairy products are likely to decline sharply from this year's high level.

The United States was able to attain this year's level of exports by liquidating the excess stocks of butter and nonfat dry milk built up during 1961-62. In 1965 uncommitted stocks held up the Government are likely to be near the minimum working level for the programs under way, and commercial stocks are expected to be about the same as in 1964. As a result, exports in 1965 will have to be derived primarily from current production. Estimates are that the excess of marketings over domestic demand in 1965 will be near 8 billion pounds of milk equivalent and about 1.2 billion pounds of nonfat dry milk. Of this amount, currently near 6 billion pounds milk equivalent of butter and cheese and about 200 million pounds of nonfat dry milk are used for domestic programs.

Most significant in 1964 was the tremendous increase in sales of dairy products for dollars and the decrease in donations of nonfat dry milk for welfare and school lunch use abroad. Another reason for the increased demand for dairy products is the successful effort of exporting countries during the past few years to widen world markets--through food aid and through programs for expanding cash sales.

But the long-run outlook for U.S. dairy exports is less optimistic. World milkfat production will probably catch up with demand soon. Only a small increase in world milk production would raise foreign butter supplies substantially. Most developing countries are more likely to turn to the use of vegetable oils than to butter, because they are less expensive, and consumers are accustomed to their use.

COMPARATIVE STATISTICS

SELECTED DATA COMPARISONS, WISCONSIN MARKETS

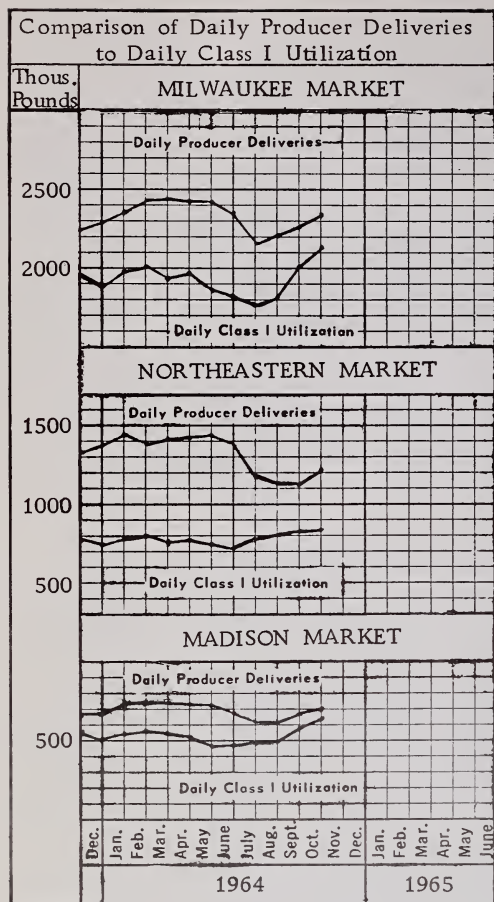
	Order No. 39			Order No. 45			Order No. 51		
	October		Com- parison	October		Com- parison	October		Com- parison
	'64	'63		'64	'63		'64	'63	
Average Daily:									
Producer Milk, thous. lbs.	2342	2212	+5.9%	1212	1216	-0.3%	702	660	+6.4%
Other Receipts " "	165	126		66	81		133	111	
Gross Class I " "	2121	1996	+6.3%	839	803	+4.5%	642	563	+14.0%
Gross Class II " "	559	522	+7.1%	521	583	-10.6%	193	208	-7.2%
Deliveries per Farm, lbs.	1053	984	+7.0%	920	894	+2.9%	1082	1022	+5.9%
Number of Farms	2264	2268	-4	1318	1361	-43	649	646	+3
Avg. Test of Prod. Milk, %	3.78	3.71		3.77	3.70		3.69	3.63	
Number of Handlers:									
Pool Plants	25	26	-1	62	64	-2	22	22	-
Other Handlers	5	4	+1	5	8	-3	8	9	-1
Producer Milk in Class I, %	88.0	89.8		67.6	65.9		85.2	82.0	
Shrinkage to Total Receipts:									
Product Pounds, %	1.41	1.43		1.24	1.85		1.44	1.73	
Butterfat Pounds, %	1.60	1.43		1.93	2.11		1.26	.67	

NEARBY FEDERAL ORDER DATA

PRODUCER MILK, TOTAL AND CLASS I, AND RELATED PRICES - OCTOBER 1964

Market	Producer Milk	Class I Milk	Class I Price 3.5% Milk	Producer Price 3.5% Milk
	thous. lbs.	thous. lbs.	\$ per cwt.	\$ per cwt.
Chicago, No. 30	456,815	220,442	4.10	3.78
Duluth-Superior, No. 69	12,499	7,661	4.39	3.84
Madison, No. 51	21,762	18,549	4.08	3.96
Mich, Upper Peninsula, No. 44	9,459	7,890	4.19	4.13
Milwaukee, No. 39	72,605	63,914	4.08	3.93
Minneapolis-St. Paul, No. 68	85,099	62,300	4.09	3.90
Northeastern Wisconsin, No. 45	37,579	25,398	3.98	3.74
Quad Cities-Dubuque, No. 63	20,717	15,654	4.30	4.03
Rock River Valley, No. 38	9,563	8,859	4.12	4.05
Southern Michigan, No. 40	334,218	199,368	4.45	3.94

NOTE: The producer price shown for Michigan Upper Peninsula and Milwaukee is, in each case, the weighted average of minimum pay prices for pool plants, including zone or location differentials. Announced prices for basic zones are quoted in other instances. During base pay periods weighted averages are shown for base and excess prices.



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This bulletin is primarily to provide producers who are not members of cooperative associations with market information in accordance with § 1039.74 of the Milwaukee Wisconsin marketing order, § 1045.75 of the Northeastern Wisconsin marketing order, and § 1051.77 of the Madison Wisconsin marketing order.

Balance Sheet, Continued from page 1

billion--up more than 2 percent from a year earlier and more than five times the total farm liabilities.

Comparative Balance Sheet of Agriculture for the United States, January 1

Assets	1963 (billion dollars)	1964	Change (%)
Physical			
Real estate	142.8	150.8	+ 6
Non-real estate			
Livestock	17.2	15.7	- 9
Machinery and motor vehicles	19.5	20.1	+ 3
Crops	9.2	9.8	+ 7
Household furnishings	8.7	8.4	- 3
Financial	18.4	18.5	+ 1
Total	215.8	223.3	+ 3

Claims

Liabilities			
Real estate debt	15.2	16.8	+11
Non-real estate debt			
CCC	2.1	1.9	-10
Other	14.5	16.2	+12
Proprietor's equities	184.0	188.4	+ 2
Total	215.8	223.3	+ 3

The improvement, however, is almost solely the result of higher price tags on farm assets. It is not due to a significant boost in physical assets or to a reduction of debt--either of which would provide better evidence of financial progress on the part of farmers.

Total farm debt (excluding CCC loans) reached a new high of \$33 billion, up more than \$3 billion from a year earlier. Farm real estate debt rose to about \$17 billion--up 11 percent--while non-real estate debt exceeded \$17 billion--12 percent higher than a year earlier.

Each year since 1960 the increase in total debt has been greater than in the preceding year. Over the five-year period from 1959 to 1964, total debt increased \$12 billion or nearly one and three-quarters the increase in the previous five years.

One of the major influences in the growth in debt has been the continuing decline in the number of farms and the accompanying rise in farm size. To enlarge their farms, operators increasingly have used credit in recent years, and because of rising land prices, each unit of land transferred has boosted the amount needed. (Excerpts from Agricultural Letter, Nov. 13, 1964)